



MEDIA RELEASE
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Updated Announcement **Core drilling commences in the Northern half of EPC 1149 Blackall QLD**

Perth-based coal exploration company, East Energy Resources Limited (East Energy) has commenced a 3,000m drilling program to evaluate an extensive coal deposit on the northern half of their Blackall Tenement (EPC 1149) located in the Eromanga Basin QLD. This deposit has been named the Allambi deposit after the local grazing property.

“Based on data from the program of RAB drilling and geophysical logging completed earlier this year, our exploration target for Allambi is 600Mt to 1,000Mt of coal. In the southern half of the lease we already have an Inferred Resource of 1,200Mt”, said Peter Tighe, East Energy’s Exploration Manager.

Tables 1 and 2 show the current Inferred Resource reported in 2009 for the southern half of EPC1149.

Table 1: EPC 1149 Coal Resources

| Seam Group | Cumulative av. Ply Thickness (m) | Raw Tonnes Inferred (Mt) | F1.60 av. Yield % | Washed (F1.60) Tonnes Inferred (Mt) |
|--------------|----------------------------------|--------------------------|-------------------|-------------------------------------|
| 1 | 1.69 | 163.8 | 76.39 | 125.1 |
| 2 | 1.09 | 259.3 | 84.98 | 220.4 |
| 3 | 2.47 | 402.5 | 84.95 | 341.9 |
| 4 | 1.7 | 396.6 | 81.43 | 322.9 |
| Total | 6.95 | 1222.2 | 82.6 | 1010.3 |

Table 2: Washed Coal Qualities and Yields at F1.60 for Coal Resources

| Seam Group | RD Raw | Yield F1.60 | AS F1.60 | MO F1.60 | VM F1.60 | FC F1.60 | CV F1.60 | TS F.160 |
|------------|---------|-------------|----------|----------|----------|----------|----------|----------|
| | ad g/cc | % | ad % | ad % | ad % | ad % | ad MJ/kg | ad % |
| 1 | 1.58 | 76.39 | 13.37 | 14.19 | 30.74 | 41.73 | 20.29 | 0.33 |
| 2 | 1.54 | 84.98 | 12.62 | 14.57 | 31.38 | 41.42 | 20.44 | 0.31 |
| 3 | 1.53 | 84.95 | 11.94 | 14.25 | 31.48 | 42.36 | 20.82 | 0.39 |
| 4 | 1.55 | 81.43 | 12.11 | 13.84 | 31.01 | 42.96 | 20.9 | 0.39 |



The area of the Allambi deposit to be tested measures 12km x 12km, effectively increasing the total known strike length of the entire coal deposit in EPC1149 to 32 km North - South.

In April this year, the company reported on a reconnaissance drilling program of 27 chip holes completed across the Allambi deposit. Cumulative coal thicknesses of up to 10m were found in some of these drill holes with seams as shallow as 24m below the surface.

Results from that program indicated that there are 4 to 5 seam groups with an average cumulative thickness of about 6 metres. The structure of the Allambi deposit mirrors that of the South with seams dipping gently from East to West at an angle of about 2 degrees.

In the current program the first core hole has been completed, intersecting five coal seams between depths of 30m to 55m. The samples will be analysed for coal quality at HRL Technology's labs in Melbourne.

The northern exploration program involves closing up the core drilling at Allambi to less than 4km centres completing approximately 25 holes to obtain samples for coal quality analysis. Once the coal quality has been established and seam correlations completed the data will be evaluated with aim of substantially increasing the current JORC compliant resource.

(Note: the potential quantity of coal in the Allambi deposit is conceptual in nature and the coal quality is unknown at this stage. There has been insufficient exploration to define a Mineral Resource at Allambi and it is uncertain if the planned exploration will result in the determination of a Mineral Resource.)

“We are very excited about moving to the Northern area and proving up another significant thermal coal resource in Queensland”, said Mark Basso, Managing Director of East Energy. “This deposit, along with those in the Galilee Basin, will provide long term secure resources of thermal coal for many years to come.”



ENDS

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Competent Persons Statement

*The information in this report relating to resources and exploration targets is based on information compiled by Peter Tighe who is a member of the **Australian Institute of Mining and Metallurgy** and who is employed by **East Energy Resources Limited**. Mr Tighe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tighe consents to the inclusion in the report of the matters based on his information in the form and context in which is appears.*